INFORMATION BULLETIN

2006-4

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Increase in the rate of the temporary refundable tax credit for the construction of public access roads and bridges in forest areas

On March 23, 2006, a temporary refundable tax credit for the construction or major repair of public access roads and bridges in forest areas was implemented.

Briefly, an eligible corporation that incurs eligible expenses regarding the construction or major repair of eligible access roads or bridges may claim a refundable tax credit corresponding to 40% of the amount of such eligible expenses. Only expenses relating to the construction or major repair of eligible access roads and bridges incurred after March 23, 2006 and prior to January 1, 2011 give rise to a tax credit.

Moreover, this tax credit may be applied against any instalments that must be made by an eligible corporation for income tax and the tax on capital. In addition, since the amount at issue is deemed to be paid by a taxpayer on account of his tax payable for a year, the tax credit for the construction or major repair of public access roads and bridges in forest areas is fully refundable where the amount of the tax credit to which a taxpayer is entitled exceeds his tax payable for such year.

The purpose of this measure is to foster the development of the forest road network to make forested land in Québec accessible to its many users and allow forest managers to harvest the most appropriate stands in a timely manner.

The difficult period the forest industry is currently experiencing could compromise investments in road work and thus restrict access to the various forest resources.

Accordingly, to secure the continued development of the forest road network, the rate of the temporary refundable tax credit for the construction or major repair of public access roads and bridges in forest areas will be raised from 40% to 90%.

This change will apply to expenses relating to the construction or major repair of eligible access roads and bridges incurred by a corporation or by a partnership, as the case may be, as of the date of publication of this information bulletin and before January 1, 2011 if:

— they are incurred in accordance with what appears in an annual forest operation plan submitted to the ministère des Ressources naturelles et de la Faune before January 1, 2010; and

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— construction or major repair of the eligible access road or bridge by the corporation or partnership, as the case may be, or on behalf of either of them, started before January 1, 2010.

For information regarding the matters dealt with in this information bulletin, contact the Secteur du droit fiscal et de la fiscalité at 418 691-2236.

The French and English versions of this bulletin are available on the ministère des Finances website at : www.finances.gouv.qc.ca

Paper copies are also available, on request, from the Direction des communications, at 418 528-9323.